

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 DODE-00 CIAE-00 PM-05 INR-07 L-03
ACDA-12 NSAE-00 PA-02 SS-15 PRS-01 SP-02 USIA-15
TRSE-00 /075 R

DRAFTED BY EUR/SE:EJMARCO:VSS
APPROVED BY EUR/SE:NCLEDSKY
EUR/RPM:EREHFELD
H:JBATWOOD
DOD/ISA:DEMAJORS
-----035644 021947Z /43

R 021825Z DEC 77
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA
INFO AMEMBASSY ATHENS
AMEMBASSY NICOSIA
AMEMBASSY LUXEMBOURG
USMISSION USNATO

UNCLAS STATE 288044

E.O. 11652: N/A

TAGS: MASS, TU

SUBJECT: CONGRESSIONAL STATEMENT ON NAMSA/TURKEY

REF: (A) STATE 239849, (B) STATE 219642

1. FOLLOWING TEXT OF SUBMISSION TO CONGRESSIONAL RECORD
OF NOV 25 PROVIDED FOR YOUR INFORMATION.

2. BEGIN QUOTE: PURCHASES BY TURKEY FROM THE NATO MAIN-
TENANCE AND SUPPLY AGENCY. HON. LEE H. HAMILTON OF INDI-
ANA IN THE HOUSE OF REPRESENTATIVES FRIDAY, NOVEMBER 25,
1977.

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3. MR. HAMILTON. MR. SPEAKER, I WOULD LIKE TO BRING TO
THE ATTENTION OF MY COLLEAGUES SOME CORRESPONDENCE I HAVE
HAD WITH THE DEPARTMENT OF DEFENSE RELATING TO PURCHASES
BY TURKEY OF MILITARY EQUIPMENT AND SUPPLIES FROM THE NATO
MAINTENANCE AND SUPPLY AGENCY (NAMSA) DURING THE LAST 3
YEARS AT A TIME WHEN THE CONGRESS HAS IMPOSED INITIALLY A
COMPLETE, AND SUBSEQUENTLY A PARTIAL, EMBARGO ON ARMS
PURCHASES BY TURKEY BECAUSE OF ITS INVASION AND OCCUPA-
TION OF PARTS OF CYPRUS.

4. DURING THE PERIOD OF THE EMBARGO, PURCHASES BY TURKEY

THROUGH NAMSA HAVE INCREASED FROM DOLS 100,000 IN CALENDAR YEAR 1973 TO DOLS 28.6 MILLION IN CALENDAR YEAR 1976. WHILE THE DEFENSE DEPARTMENT ARGUES THAT TECHNICALLY THE PURCHASES THROUGH NAMSA ARE NOT A VIOLATION OF THE EMBARGO PROVISIONS, THERE CAN BE NO DOUBT THAT THEY VIOLATE THE SPIRIT OF THE LAW AND TEND TO REINFORCE IMPRESSIONS BY SOME HERE THAT EFFORTS TO COMPLY WITH THE EMBARGO PROVISIONS MAY NOT HAVE BEEN RIGOROUS ENOUGH.

5. THE DEFENSE DEPARTMENT HAS INDICATED THAT IT IS MAKING CHANGES IN PROCEDURES TO INSURE THAT FUTURE FMS PURCHASES THROUGH NAMSA THAT DO NOT INVOLVE PARTNERSHIP AGREEMENTS WITH OTHER NATO NATIONS WILL BE INCLUDED UNDER THE FMS STATUTORY CEILINGS.

6. WHILE THIS PROBLEM MAY NOT APPEAR TO BE SIGNIFICANT IN OVERALL DOLLAR TERMS, IT HAS ARISEN AT A TIME WHEN WE ARE ALL ANXIOUS TO HEAL PAST WOUNDS, REBUILD CONFIDENCE IN ALL OUR RELATIONSHIPS IN THE EASTERN MEDITERRANEAN, ACHIEVE PROGRESS ON A CYPRUS SETTLEMENT, LIFT THE EMBARGO
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ON TURKEY, AND AFFIRM OUR MILITARY TIES WITH BOTH TURKEY AND GREECE. IT IS HOPED THAT THE PROCESS CAN CONTINUE ITS IMPORTANT COURSE AND THAT NOTHING IS DONE TO RECREATE MISUNDERSTANDING AND BAD FEELINGS WHICH HAVE CHARACTERIZED MUCH OF THIS DEBATE IN CONGRESS OVER THE LAST FEW YEARS.

7. THE CORRESPONDENCE WITH THE DEFENSE DEPARTMENT FOLLOWS: COMMITTEE ON INTERNATIONAL RELATIONS, WASHINGTON, D.C., SEPTEMBER 21, 1977. HON. HAROLD BROWN, SECRETARY OF DEFENSE, DEPARTMENT OF DEFENSE, THE PENTAGON, WASHINGTON, D.C.

8. DEAR MR. SECRETARY: OVER THE LAST FEW WEEKS, MY STAFF HAS REVIEWED A SERIES OF MATERIALS RELATING TO THE ORGANIZATION, OPERATIONS, AND PROCUREMENT PROCEDURES OF THE NATO MAINTENANCE AND SUPPLY ORGANIZATION (NAMSO) AND THE NATO MAINTENANCE AND SUPPLY AGENCY (NAMSA). IT WOULD APPEAR THAT THE GOVERNMENT OF TURKEY'S FMS PURCHASES THROUGH NAMSA ARE A VIOLATION OF THE SPIRIT, IF NOT THE LETTER, OF THE LAW IMPOSING AN EMBARGO ON THE SALE OF DEFENSE ARTICLES AND SERVICES TO TURKEY IF THOSE FMS TRANSACTIONS THROUGH NAMSA WERE NOT INCLUDED IN LEGISLATED CEILINGS.

9. I WOULD APPRECIATE YOUR PROVIDING ME WITH THE FOLLOWING INFORMATION: A DETAILED DESCRIPTION OF NAMSA'S OPERATIONS, INCLUDING A HISTORY OF TURKEY'S PARTICIPATION IN THEM; THE TYPES AND AMOUNTS OF EQUIPMENT PROCURED

THROUGH FMS AND U.S. COMMERCIAL CHANNELS BY NAMSA WHICH WERE AND ARE DESTINED FOR TURKEY, OVER THE LAST FIVE YEARS, INCLUDING AN ESTIMATE FOR FISCAL YEAR 1977; A DESCRIPTION OF THE TYPES AND AMOUNTS OF FMS TRANSACTIONS TO NAMSA INTENDED FOR TURKEY THAT ARE INCLUDED IN EXISTING STATUTORY CEILINGS FOR FISCAL YEARS 1976 AND 1977 (ESTIMATED) AND THE TYPES AND AMOUNTS OF FMS NAMSA TRANSACTIONS UNCLASSIFIED

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TO TURKEY WHICH ARE NOT INCLUDED IN THE CEILINGS FOR THOSE YEARS; AND AN EXPLANATION OF WHAT APPROPRIATE ACTIONS ARE BEING UNDERTAKEN TO ENSURE FULL COMPLIANCE WITH LEGISLATED CEILINGS IN THE FUTURE AND WHY SUCH ACTIONS WERE NOT TAKEN IN THE PAST TO ENSURE FULL COMPLIANCE. I ALSO WOULD LIKE A LIST, INCLUDING TYPES AND AMOUNTS, THE EXISTING WEAPONS SYSTEMS PARTNERSHIPS WHICH TURKEY SUPPORTS UNDER THE NAMSO CHARTER, AND AN EXPLANATION OF THE LEGAL BASIS FOR NOT COUNTING FMS CASES IN SUPPORT OF SUCH PARTNERSHIPS AGAINST THE CEILINGS IMPOSED ON TURKEY.

10.

IT IS ESSENTIAL THAT THE GOVERNMENT OF TURKEY FULLY COMPLY WITH BOTH THE SPIRIT AND THE LETTER OF THE LAW. IT IS EQUALLY IMPORTANT THAT THE U.S. GOVERNMENT AGENCIES, RESPONSIBLE FOR OVERSEEING AND MONITORING ARMS SALES, EMBARGOES AND CEILINGS, DO SO TO ENSURE FULL COMPLIANCE WITH THE LAWS PASSED BY CONGRESS.

11.

THE APPARENT LAXNESS IN OUR MONITORING OF SUCH TRANSACTIONS IN THE PAST COULD PROVIDE AN ADDITIONAL IMPEDIMENT TO A POTENTIAL TOTAL LIFTING OF THE EMBARGO ON ARMS SALES TO TURKEY OR TO A FURTHER RAISING OF THE CEILING ON SALES IN FUTURE FISCAL YEARS. THEREFORE IMMEDIATE FULL COMPLIANCE IS ESSENTIAL.

WITH BEST REGARDS, SINCERELY YOURS, LEE H. HAMILTON, CHAIRMAN, SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST.

12. ASSISTANT SECRETARY OF DEFENSE, WASHINGTON, D.C.,
NOVEMBER 19, 1977. HON. LEE H. HAMILTON, CHAIRMAN, SUBCOMMITTEE ON EUROPE AND THE MIDDLE EAST, COMMITTEE ON INTERNATIONAL RELATIONS, HOUSE OF REPRESENTATIVES, WASHINGTON, D.C.
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13. DEAR CHAIRMAN HAMILTON: THIS IS IN REPLY TO YOUR LETTER OF 21 SEPTEMBER TO THE SECRETARY OF DEFENSE REGARDING TURKISH PURCHASES FROM NAMSA. I SINCERELY REGRET THE DELAY IN GETTING THIS INFORMATION TO YOU.

14. THE NATO MAINTENANCE AND SUPPLY AGENCY (NAMSA) IS THE OPERATING ARM OF THE NATO MAINTENANCE AND SUPPLY ORGANI-

ZATION (NAMSO), A SUBSIDIARY BODY WITHIN THE NATO FRAMEWORK RESPONSIBLE DIRECTLY TO THE NORTH ATLANTIC COUNCIL. ITS PRIMARY FUNCTIONS ARE MAINTENANCE AND SUPPLY MANAGEMENT, TECHNICAL ASSISTANCE, AND PROCUREMENT, ALL IN PROMOTION OF MATERIEL READINESS, LOGISTICS EFFICIENCY, AND SAVINGS TO THE BENEFIT OF THE ALLIANCE AND THE COMMON DEFENSE.

15. NAMSA PERFORMS LIMITED IN-HOUSE MAINTENANCE AND STOCKS SPARE AND REPAIR PARTS IN SUPPORT OF "WEAPONS SYSTEM PARTNERSHIPS": COLLECTIVE ARRANGEMENTS UNDER THE NAMSO CHARTER FOR THE LOGISTICS SUPPORT OF SYSTEMS COMMON TO THE INVENTORIES OF PARTICIPATING NATIONS. THERE ARE THIRTEEN SUCH PARTNERSHIPS, EACH ESTABLISHED IN ACCORDANCE WITH SEPARATE FORMAL AGREEMENTS AND COST SHARING FORMULAS. TURKEY IS A MEMBER OF SEVEN. (A COMPLETE LIST IS ATTACHED.) NAMSA ALSO ACTS AS A BROKER ON BEHALF OF ITS MEMBERS AND CONTRACTS FOR MATERIEL NOT NORMALLY CARRIED IN STOCK AND FOR MAINTENANCE SERVICES NOT WITHIN ITS OWN IN-HOUSE CAPABILITY. IT DOES NOT, HOWEVER, DEAL IN MAJOR END ITEMS.

16. NAMSA PROCURES MATERIEL AND SERVICES FROM ALL SOURCES: FOREIGN SOURCES, US COMMERCIAL SOURCES, AND THE US FOREIGN MILITARY SALES (FMS). IN ALL PROCUREMENT ACTIONS TO REPLENISH STOCKS OR RESPOND TO COUNTRY REQUISITIONS FOR ITEMS NOT IN STOCK OR MAINTENANCE BEYOND ITS CAPABILITY, NAMSA RESERVES THE SOLE RIGHT TO DETERMINE THE SPECIFIC UNCLASSIFIED

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SOURCE. NAMSA DOES NOT EXTEND CREDIT. TERMS ARE CASH WITH ORDER OR PAYMENT WITHIN 60 DAYS.

17. LETTERS OF OFFER/ACCEPTANCE (LOA) FOR FMS CASES WITH NAMSO DO NOT SPECIFY WHETHER THEY ARE INTENDED TO SATISFY STOCKAGE REQUIREMENTS OR ARE IN SUPPORT OF COUNTRY REQUISITIONS FOR MATERIEL OR SERVICES NOT NORMALLY MAINTAINED IN STOCK OR PERFORMED IN-HOUSE. FURTHERMORE, SINGLE FMS CASES REQUESTED BY NAMSA ARE OFTEN INTENDED TO SATISFY BOTH STOCKAGE AND BROKERAGE REQUIREMENTS FOR MORE THAN ONE COUNTRY. THEREFORE, WE DID NOT FOCUS ON A POSSIBLE RELATIONSHIP BETWEEN TURKISH PURCHASES FROM NAMSA AND FMS CEILINGS IN PL-329 UNTIL THE MATTER WAS BROUGHT TO ATTENTION BY A CONGRESSIONAL INQUIRY EARLIER THIS YEAR.

18. ACCORDING TO INFORMATION PROVIDED BY NAMSA, FOLLOWING ARE THE ANNUAL TOTALS OF TURKISH PARTICIPATION IN NAMSA FMS CASES FOR CALENDAR YEARS 1972-1976: 1972 - DOLS 1 MILLION; 1973 - DOLS .4 MILLION; 1974 - DOLS .5 MILLION; 1975 - DOLS 2.6 MILLION; AND 1976 - DOLS 28.6 MIL-

LION. ("PARTICIPATION" MEANS THE DEGREE TO WHICH A

SPECIFIC FMS CASE HAS BEEN OR IS INTENDED TO BE USED BY NAMSA TO FILL A COUNTRY REQUISITION FOR BROKERAGE REQUIREMENTS OR ANTICIPATED STOCKAGE REQUIREMENTS OR ANTICIPATED STOCKAGE REQUIREMENTS BASED ON EMPIRICAL EXPERIENCE.) OF THESE ANNUAL TOTALS, THE FOLLOWING AMOUNTS WERE RELATED TO PARTNERSHIPS PROGRAMS: 1972 - DOLS .1 MILLION; 1973 - DOLS .1 MILLION; 1974 - DOLS .4 MILLION; 1975 - DOLS .6 MILLION; AND 1976 - DOLS 1.2 MILLION. NAMSA HAS ADVISED THAT INFORMATION ON TURKISH PARTICIPATION IN NAMSA FMS CASES FOR 1977 WILL NOT BE AVAILABLE UNTIL EARLY NEXT YEAR, WHEN FULL 1977 COUNTRY PARTICIPATION IS KNOWN.
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WE WILL PROVIDE YOU WITH THIS UPON RECEIPT.

19.

IN OUR VIEW, UNLIKE FMS TRANSACTIONS BETWEEN THE US AND TURKEY, FMS TRANSACTIONS BETWEEN THE US AND NAMSA ARE TECHNICALLY NOT SUBJECT TO THE RELEVANT PROVISIONS OF PL 94-329, EVEN THOUGH TURKEY MAY PURCHASE FROM NAMSA MATERIEL OR SERVICES INCLUDED IN THESE CASES. FROM A LEGAL STANDPOINT, SINCE NAMSA RESERVES THE SOLE RIGHT TO DETERMINE ITS SOURCES OF PROCUREMENT, A NAMSA DECISION TO PROCURE THROUGH FMS CANNOT BE EQUATED WITH A TURKISH DECISION TO PROCURE THROUGH FMS, AND THUS TURKISH PURCHASES FROM NAMSA OF MATERIEL OR SERVICES OF FMS ORIGIN SHOULD NOT BE APPLICABLE TO STATUTORY FMS CEILINGS ON TURKEY. ALSO, TO THE BEST OF OUR KNOWLEDGE, AND ACCORDING TO NAMSA, NEITHER THE US NOR ANY OTHER NATO COUNTRY HAS EVER PLACED ANY RESTRICTIONS ON PURCHASES FROM NAMSA BY NAMSO MEMBER NATIONS.

20. IN SPITE OF THE FOREGOING, WE DO SEE WHERE FMS CASES WITH NAMSA WHERE TURKEY PURCHASES SUPPLIES OR SERVICES NOT COVERED BY A FORMAL PARTNERSHIP AGREEMENT WITH OTHER MEMBERS COULD BE CONSTRUED AS BEING INCONSISTENT WITH THE SPIRIT OF THE STATUTORY CEILINGS. THEREFORE, UNTIL SUCH TIME AS STATUTORY PROVISIONS RELATED TO FMS TRANSACTIONS WITH TURKEY ARE LIFTED, OR OTHERWISE REVISED, WE ARE APPLYING THE FOLLOWING POLICY: (1) FUTURE FMS CASES WITH NAMSA FOR TURKEY WHICH ARE NOT IN SUPPORT OF EXISTING PARTNERSHIPS UNDER THE NAMSO CHARTER WILL BE DEDUCTED FROM THE FMS STATUTORY CEILINGS IN PL 94-329 AND PL 95-92; AND (2) THE AMOUNT OF TURKISH PARTICIPATION IN FMS CASES IN SUPPORT OF EXISTING PARTNERSHIPS UNDER THE NAMSO CHARTER WILL NOT BE COUNTED AGAINST THE STATUTORY CEILING. THE ANTICIPATED SIGNIFICANT EFFECT THAT THIS POLICY WILL HAVE ON FUTURE TURKISH PURCHASES OF FMS-ORIGIN MATERIEL OR SERVICES FROM NAMSA CAN BE SEEN BY COMPARING THE ANNUAL TOTALS OF TURKISH PARTICIPATION WITH THE AMOUNTS RELATED
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TO PARTNERSHIP PROGRAMS. AT THE SAME TIME, THIS POLICY

AVOIDS AN ADVERSE IMPACT ON NAMSA PARTNERSHIP PROGRAMS, THE CORE OF THE NAMSA EFFORTS TO HELP PROMOTE THE READINESS OF NATO. FOR US TO TAKE ANY STEPS WHICH MIGHT FORCE A COUNTRY OUT OF A PARTNERSHIP WOULD REQUIRE THE REMAINING PARTNERS TO RENEGOTIATE THE ARRANGEMENT, LEADING TO THE POSSIBLE DISSOLUTION OF EFFECTIVE COOPERATIVE LOGISTICS EFFORTS SERVING COMMON GOALS. THIS WOULD BE CONTRARY TO OUR LONGSTANDING SUPPORT OF NAMSO, AN ORGANIZATION WHICH WE INSPIRED IN 1958.

21. AS A MEANS TO IMPLEMENT THIS NEW POLICY, WE HAVE ASKED NAMSA TO IDENTIFY THE INTENDED RECIPIENT OF MATERIEL OR SERVICES IN FUTURE REQUESTS FOR FMS CASES. THE US MEMBER ON THE NAMSO BOARD OF DIRECTORS HAS ALSO BEEN INSTRUCTED TO SCRUTINIZE PROPOSALS FOR NEW PARTNERSHIPS, ENSURE THAT THEY MEET THE CRITERIA NORMALLY APPLIED, AND TO INFORM US IF THERE IS ANY QUESTION ON THAT POINT. SINCERELY, JAMES V. SIENA, DASD, EUROPEAN NATO AFFAIRS (ISA). VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 22-Sep-1999 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, MILITARY SALES, US CONGRESSIONAL PRESENTATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Message ID: 61f35dfc-c188-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 119028
Secure: OPEN
Status: NATIVE
Subject: CONGRESSIONAL STATEMENT ON NAMSA/TURKEY
TAGS: MASS, TU, US
To: ANKARA INFO ATHENS MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/61f35dfc-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009